

THE ASPPA Journal



ASPPA's Quarterly Journal for Actuaries, Consultants, Administrators and Other Retirement Plan Professionals

Question/Topic	Individual(k)	SEP/IRA	SIMPLE 401(k)	Profit Sharing
Who Can Establish?	Corporations, Sub-Chapter S, Self-Employed, Sole Proprietorships—"Owner(s) Only," Partnerships, LLCs, Businesses with "Excludable" Common-Law Employees	Corporations, Sub-Chapter S, Self-Employed, Sole Proprietorships, Partnerships, Non-Profit (not eligible for salary deferral)	Employers with no more than 100 employees, including sole proprietors and non-profit entities (cannot maintain another qualified plan)	Corporations, Sub-Chapter S, Self-Employed, Sole Proprietorships, Partnerships, Non-Profit
Maximum Eligibility Requirements	Employee must be 21 and have one year of service (typically 1,000 hours). However, not relevant because there is only one employee/participant.	Worked for employer during any period of three of the last immediately preceding five years; however short. At least 21 years of age. \$550 annual compensation.	Employees must be 21 and have one year of service (typically 1,000 hours).	Two years of service with employer (typically, 1,000 hours per year) with immediate vesting. At least 21 years of age.
Are Contributions Mandatory?	No	No	Employer —Yes Employee —No	No
Contribution Limits—Employer	The employer's current-year deduction is limited to deferrals plus 25% of compensation paid to all eligible participants. Allocation limited to lesser of 100% of compensation or \$49,000 per participant.	25% of each employee's compensation (maximum \$49,000). (\$245,000 salary cap)	Match deferrals \$1 for \$1 up to the first 3% of compensation or non-elective contribution of 2% of compensation. \$245,000 salary cap for both contributions.	25% of participating payroll. Allocation limited to lesser of 100% of compensation or \$49,000 per participant.
Contribution Limits—Individual	\$16,500 salary deferral limit under IRC Section 402(g)	Employee IRA—\$5,000	\$11,500 salary deferral limit under IRC Section 408(p)	No pre-tax employee contributions. Plan may allow after-tax voluntary employee contributions.
Catch-up Contributions For Workers Age 50 and Older	\$5,500	\$1,000—Employee IRA \$5,500—Existing SAR-SEP	\$2,500	N/A
When Must the Plan Be Established?	By fiscal year-end (12/31 for calendar-year plan). Deferrals not permitted until the plan is established.	By tax-filing date plus extensions	By October 1 for existing businesses. As soon as administratively feasible for businesses established after October 1. Deferrals not permitted until plan is established.	By fiscal year-end (12/31 for calendar-year plan)
When Must Contributions Be Made?	Employer —By tax-filing date plus extensions Employee —As soon as reasonable, but no later than the 15th business day of the month following the month in which the deferrals are withheld	Employer —By tax-filing date plus extensions Employee —As soon as reasonable, but no later than the 15th business day of the month following the month in which the deferrals are withheld	Employer —By tax-filing date plus extensions Employee —As soon as reasonable, but no later than the 15th business day of the month following the month in which the deferrals are withheld	By tax-filing date plus extensions
Who Directs Investments?	Individual	Individual	Employer/trustee or plan may allow individual direction	Employer/trustee or plan may allow individual direction
Are Loans Available?	Yes	No	Yes	Yes

Summary Comparison of Qualified Plans, IRAs, TSAs and 457s

(2009 limitations included herein; subject to change annually)

by Carol Lawton

Compliments of:

MetLife[®]

Pension Resource CenterSM
800.842.401(k)

Money Purchase	Defined Benefit	401(k)	Roth 401(k)
Corporations, Sub-Chapter S, Self-Employed, Sole Proprietorships, Partnerships, Non-Profit	Corporations, Sub-Chapter S, Self-Employed, Sole Proprietorships, Partnerships, Non-Profit	Corporations, Sub-Chapter S, Self-Employed, Sole Proprietorships, Partnerships, Non-Profit	Corporations, Sub-Chapter S, Self-Employed, Sole Proprietorships, Partnerships, Non-Profit
Two years of service with employer (typically, 1,000 hours per year) with immediate vesting. At least 21 years of age.	Two years of service with employer (typically, 1,000 hours per year) with immediate vesting. At least 21 years of age.	Two years of service with employer (typically, 1,000 hours per year) with immediate vesting. At least 21 years of age. For deferrals, maximum service is one year.	Two years of service with employer (typically, 1,000 hours per year) with immediate vesting. At least 21 years of age. For deferrals, maximum service is one year.
Yes	Yes	No	No
25% of participating payroll. Allocation limited to lesser of 100% of compensation or \$49,000 per participant.	Based on actuarial assumptions (\$195,000 annual benefit cap for a life annuity payable at age 62 with ten years of credited participation).	The employer's current-year deduction is limited to deferrals plus 25% of compensation paid to all eligible participants. Allocation limited to lesser of 100% of compensation or \$49,000 per participant.	The employer's current-year deduction is limited to deferrals plus 25% of compensation paid to all eligible participants. Allocation limited to lesser of 100% of compensation or \$49,000 per participant.
No pre-tax employee contributions. Plan may allow after-tax voluntary employee contributions.	No pre-tax employee contributions. Plan may allow after-tax voluntary employee contributions.	\$16,500 salary deferral limit under IRC Section 402(g)	\$16,500 salary deferral limit under IRC Section 402(g)
N/A	N/A	\$5,500	\$5,500
By fiscal year-end (12/31 for calendar-year plan)	By fiscal year-end (12/31 for calendar-year plan)	By fiscal year-end (12/31 for calendar-year plan). Deferrals not permitted until plan is established.	By fiscal year-end (12/31 for calendar-year plan). Deferrals not permitted until plan is established.
By tax-filing date plus extensions	By tax-filing date plus extensions	Employer —By tax-filing date plus extensions Employee —As soon as reasonable, but no later than the 15th business day of the month following the month in which the deferrals are withheld	Employer —By tax-filing date plus extensions Employee —As soon as reasonable, but no later than the 15th business day of the month following the month in which the deferrals are withheld
Employer/trustee or plan may allow individual direction	Employer/trustee	Employer/trustee or plan may allow individual direction	Employer/trustee or plan may allow individual direction
Yes	Yes	Yes	Yes



Whole annual plan contribution limits may be increased from time to time by Congress and the IRS for federal income tax purposes. These limits may need to be adopted by each state for the higher limits to be effective at a state income tax level. In other words, permissible contribution limits for income tax purposes may be different at the federal level from your state's income tax laws.

Roth IRA	Traditional IRA	SIMPLE IRA	403(b) Non-ERISA Title I Plans with Only Salary Deferral Contributions	Roth 403(b) Non-ERISA Title I Plans with Only Salary Deferral Contributions
Individual with compensation	Individual with compensation	Employers with no more than 100 employees who earned \$5,500 or more during preceding calendar year (cannot maintain another retirement plan)	Non-profit organizations exempt under IRC Section 501(c)(3) (e.g., churches, hospitals and schools)	Non-profit organizations exempt under IRC Section 501(c)(3) (e.g., churches, hospitals and schools)
Must have earned income of <\$120,000 for single filers and <\$176,000 for joint filers	Must have earned income and be under the age of 70½	\$5,500 in compensation for any two preceding years and is expected to earn \$5,500 in current years	The option to participate generally must be offered to all eligible employees (except certain student employees and employees who work less than 20 hours per week).	The option to participate generally must be offered to all eligible employees (except certain student employees and employees who work less than 20 hours per week).
No	No	Employer —Yes Employee —No	No	No
N/A	N/A	Match deferral \$1 for \$1 up to 3% of compensation or 2% (subject to \$245,000 salary cap) nonelective contributions	N/A	N/A
100% of earned income up to \$5,000 per individual to all IRAs	100% of earned income up to \$5,000 per individual to all IRAs	100% of earned income up to \$11,500	100% of compensation or \$16,500, whichever is less. Special catch-up provisions may increase the contribution limit.	100% of compensation or \$16,500, whichever is less. Special catch-up provisions may increase the contribution limit.
\$1,000	\$1,000	\$2,500	\$5,500	\$5,500
April 15 following the taxable year for which the contribution is being made (e.g., 4/15/2010 for 2009)	April 15 following the taxable year for which the contribution is being made (e.g., 4/15/2010 for 2009)	October 1 for existing businesses. As soon as administratively feasible for businesses established after October 1.	The plan may be established any time during the calendar year.	The plan may be established any time during the calendar year.
April 15 following the taxable year for which the contribution is being made (e.g., 4/15/2010 for 2009)	April 15 following the taxable year for which the contribution is being made (e.g., 4/15/2010 for 2009)	Employer —By tax-filing date plus extensions Employee —On a deferral basis	Salary deferral ongoing from payroll	Salary deferral ongoing from payroll
Individual	Individual	Individual	Individual	Individual
No	No	No	Yes	Yes

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403(b) ERISA Title I Plans with Employer Contributions	Roth 403(b) ERISA Title I Plans with Employer Contribution	457(b) Eligible Plans with Only Salary Deferral Contributions	457(f) Ineligible Plans with Employer Contribution
Non-profit organizations exempt under IRC Section 501(c)(3) (e.g., churches, hospitals and schools)	Non-profit organizations exempt under IRC Section 501(c)(3) (e.g., churches, hospitals and schools)	Governmental employers, public utility companies, elementary and secondary schools, public universities and colleges, city, county and state hospitals, certain non-governmental tax-exempt employers	Governmental employers, public utility companies, elementary and secondary schools, public universities and colleges, city, county and state hospitals, certain non-governmental tax-exempt employers
Minimum participation, minimum coverage and nondiscrimination requirements may apply	Minimum participation, minimum coverage and nondiscrimination requirements may apply	Tax-Exempt —Eligibility for a select group of management or highly compensated employees, except if the group is church-related Governmental —None	Eligibility for a select group of management or highly compensated employees
Generally no, but may be designed with employer mandatory contributions	Generally no, but may be designed with employer mandatory contributions	No	No
The employer's contributions (including elective deferrals) to an employee's account should not be more than the lesser of \$49,000 or 100% of the employee's compensation for the year.	The employer's contributions (including elective deferrals) to an employee's account should not be more than the lesser of \$49,000 or 100% of the employee's compensation for the year.	Employer and employee contributions combined cannot exceed 100% of the employee's compensation or \$16,500, whichever is less. Employer contributions offset employee deferrals.	No limit
100% of compensation or \$16,500, whichever is less. Special catch-up provisions may increase the contribution limit.	100% of compensation or \$16,500, whichever is less. Special catch-up provisions may increase the contribution limit.	100% of compensation or \$16,500, whichever is less. Special catch-up provisions may increase the contribution limit. Employer contributions offset employee deferrals.	No limit
\$5,500	\$5,500	Tax-Exempt —N/A Governmental —\$5,500. A special catch-up provision for participants within three years of normal retirement age may apply.	N/A
The plan may be established any time during the calendar year.	The plan may be established any time during the calendar year.	The plan may be established any time during the calendar year.	The plan may be established any time during the calendar year.
Employer —The plan may be funded any time during the calendar year. Employee —As soon as reasonable, but no later than the 15th business day of the month following the month in which the deferrals are withheld	Employer —The plan may be funded any time during the calendar year. Employee —As soon as reasonable, but no later than the 15th business day of the month following the month in which the deferrals are withheld	Salary deferral ongoing from payroll	Anytime
Employer/trustee or plan may allow individual direction	Employer/trustee or plan may allow individual direction	Individual	Employer/trustee; however, plan may allow participant direction
Yes	Yes	Tax-Exempt —No Governmental —Yes	No

Question/Topic	Individual(k)	SEP/IRA	SIMPLE 401(k)	Profit Sharing
Vesting	Full & immediate	Full & immediate	Full & immediate	Three vesting schedules: immediate, cliff, graded
Distributions Before Age 59½	10% tax penalty unless death, disability, separation from service and receiving substantially equal periodic payments or separating from service after age 55	10% tax penalty unless utilizing substantially equal payments, death, disability, medical expenses exceeding 7.5% of AGI or purchase of health insurance while employed	10% tax penalty unless death, disability, separation from service and receiving substantially equal periodic payments or separating from service after age 55	10% tax penalty unless death, disability, separation from service and receiving substantially equal periodic payments or separating from service after age 55
Distributions For Ages 59½ - 70½	No tax penalty	No tax penalty	No tax penalty	No tax penalty
Distributions After Age 70½	Required minimum distributions. May not aggregate total. Each plan separate. Not required if still working and 5% or less owner.	Required minimum distributions. May remove aggregate total from one account.	Required minimum distributions. May not aggregate total. Each plan separate. Not required if still working and 5% or less owner.	Required minimum distributions. May not aggregate total. Each plan separate. Not required if still working and 5% or less owner.
How Are Distributions Taxed?	Taxed as ordinary income	Taxed as ordinary income	Taxed as ordinary income	Taxed as ordinary income
Eligible Rollovers	Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½)	One 60-day rollover per 12-month period. Reported as distribution and returned as a rollover contribution.	Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½)	Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½)
Portability: Rollovers Among Plans	<ul style="list-style-type: none"> • Qualified Plan • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA 	<ul style="list-style-type: none"> • Qualified Plan • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA • Roth IRA¹ <p>¹ Only if the taxpayer's AGI for the tax year does not exceed \$100,000, and the taxpayer is not married filing separately</p>	<ul style="list-style-type: none"> • Qualified Plan • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA 	<ul style="list-style-type: none"> • Qualified Plan • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA
Advantages	If compensation is <\$196,000, deductible contribution is larger than amount allowed under PS or MP plan. Contribution flexibility. Simplified plan administration. No annual 5550 reporting of plans below \$250,000 of assets. Access to loans. Asset consolidation.	Simple to establish and maintain. No annual 5550 filing requirements. Contributions deductible to employer.	Contributions deductible to employer. No discrimination testing. Not subject to top heavy rules. Some funding responsibility with employees. Deferral reduces taxable income to employee.	Contributions discretionary and deductible to employer. Flexibility in plan design. Loans may be allowed. Plan expenses may be deductible to employer. Vesting schedules.

Money Purchase	Defined Benefit	401(k)	Roth 401(k)
Three vesting schedules: immediate, cliff, graded	Three vesting schedules: immediate, cliff, graded	Three vesting schedules: immediate, cliff, graded	Three vesting schedules: immediate, cliff, graded
10% tax penalty unless death, disability, separation from service and receiving substantially equal periodic payments or separating from service after age 55	10% tax penalty unless death, disability, separation from service and receiving substantially equal periodic payments or separating from service after age 55	10% tax penalty unless death, disability, separation from service and receiving substantially equal periodic payments or separating from service after age 55	10% tax penalty unless death, disability, separation from service and receiving substantially equal periodic payments or separating from service after age 55
No tax penalty	No tax penalty	No tax penalty	No tax penalty for "qualified distributions." A distribution is qualified if the Roth 401(k) account has been established for at least five years and one of the following events occurs: attainment of age 59½, disability or death. In any of these cases, the earnings withdrawn are tax-free.
Required minimum distributions. May not aggregate total. Each plan separate. Not required if still working and 5% or less owner.	Required minimum distributions. May not aggregate total. Each plan separate. Not required if still working and 5% or less owner.	Required minimum distributions. May not aggregate total. Each plan separate. Not required if still working and 5% or less owner.	Required minimum distributions, unless prior to age 70½, a participant rolls to a Roth IRA any portion of the Roth 401(k) account that is an eligible rollover distribution.
Taxed as ordinary income	Taxed as ordinary income	Taxed as ordinary income	Principal and earnings withdrawn are tax-free if qualified distribution
Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½)	Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½)	Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½)	Must have triggering event (e.g., plan termination, death, separation from service, disability or age 59½)
<ul style="list-style-type: none"> • Qualified Plan • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA 	<ul style="list-style-type: none"> • Qualified Plan • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA 	<ul style="list-style-type: none"> • Qualified Plan • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA 	<ul style="list-style-type: none"> • Roth IRA • Roth 403(b)* • Roth 401(k)* <p>* Subject to exceptions</p>
Contributions fixed and deductible to employer. Plan expenses may be deductible to employer. Vesting schedules.	Deductible contribution levels may be substantially higher than other types of retirement plans. Favors older, highly compensated employees. Vesting schedules.	Flexibility in plan design. Contributions deductible to employer. Loans may be allowed. Plan expenses may be deductible to employer. Funding responsibility with employees. Deferred amount reduces employee's taxable income. Vesting schedules.	<ul style="list-style-type: none"> • Tax-free growth • No income limits to qualify for a Roth account, unlike a Roth IRA • Higher contribution and catch-up limits than a Roth IRA

Roth IRA	Traditional IRA	SIMPLE IRA	403(b) Non-ERISA Title I Plans with Only Salary Deferral Contributions	Roth 403(b) Non-ERISA Title I Plans with Only Salary Deferral Contributions
Full & immediate	Full & immediate	Full & immediate	Full & immediate	Full & immediate
10% tax penalty on earnings unless withdrawal is for death, disability, first-time home purchase (\$10,000 lifetime in aggregate to all IRAs), substantially equal periodic payments, certain major medical expenses or certain long-term unemployment expenses	10% tax penalty unless the distribution is because of death, disability, the timely withdrawal of an excess contribution, certain qualified medical or education expenses or first-time home purchase (\$10,000 limit in aggregate to all IRAs). Waived if the distribution is part of a series of substantially equal periodic payments made over the individual's life expectancy.	10% tax penalty unless the distribution is because of death, disability, the timely withdrawal of an excess contribution, certain qualified medical or education expenses and first-time home purchase (\$10,000 limit in aggregate to all IRAs). Waived if the distribution is part of a series of substantially equal periodic payments made over the individual's life expectancy.	10% tax penalty unless over 55 and separated from service (except if self-employed or more than 10% owner) or death or disability. Distributions are only allowed upon the occurrence of a triggering event. (See "Eligible Rollovers".)	10% tax penalty unless over 55 and separated from service (except if self-employed or more than 10% owner) or death or disability. Distributions are only allowed upon the occurrence of a triggering event. (See "Eligible Rollovers".)
No tax penalty for "qualified distributions." A distribution is qualified if the Roth IRA has been established for at least five years and one of the following events occurs: attainment of age 59½, disability, death or a first-time home purchase. In any of these cases, the earnings withdrawn are tax-free.	No tax penalty	No tax penalty	No tax penalty	No tax penalty for "qualified distributions." A distribution is qualified if the Roth 401(k) has been established for at least five years and one of the following events occurs: attainment of age 59½, disability, death or a first-time home purchase. In any of these cases, the earnings withdrawn are tax-free.
No required minimum distributions at any age	Required minimum distributions as late as April 1 following the year in which the individual reaches age 70½	Required minimum distributions as late as April 1 following the year in which the individual reaches age 70½	Required minimum distributions by April 1 of the calendar year in which the participant becomes age 70½ or the calendar year in which he or she retires	Required minimum distributions, unless prior to age 70½, a participant rolls to a Roth IRA any portion of the Roth 403(b) account that is an eligible rollover distribution
Principal and earnings withdrawn are tax-free.	Taxed as ordinary income	Taxed as ordinary income	Taxed as ordinary income	Principal and earnings withdrawn are tax-free.
Roth IRA to Roth IRA—rules follow the Traditional IRA rollover rules	Traditional IRA to Traditional IRA. Traditional IRA to Roth IRA; pre-tax dollars are taxed as ordinary income.	Only from one SIMPLE IRA to another SIMPLE IRA, 403(b), 457, SEP/IRA, Roth IRA or a Qualified Plan and Traditional IRA after two years of participation	Must have triggering event (e.g., death, separation from service, disability or age 59½)	Must have triggering event (e.g., death, separation from service, disability or age 59½)
<ul style="list-style-type: none"> • Roth IRA 	<ul style="list-style-type: none"> • Qualified Plan • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA • Roth IRA¹ <p>¹ Only if the taxpayer's AGI for the tax year does not exceed \$100,000, and the taxpayer is not married filing separately</p>	<ul style="list-style-type: none"> • Qualified Plan¹ • SIMPLE IRA • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA¹ • Roth IRA² <p>¹ Only after the individual has participated in the SIMPLE plan for two years</p> <p>² Only if the taxpayer's AGI for the tax year does not exceed \$100,000, and the taxpayer is not married filing separately</p>	<ul style="list-style-type: none"> • Qualified Plan • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA 	<ul style="list-style-type: none"> • Roth IRA • Roth 403(b)* • Roth 401(k)* <p>* Subject to exceptions</p>
Tax-free growth	Tax-deferred growth	Simple to establish and maintain. No annual 5550 filing requirements. Contributions deductible to employer. No discrimination testing. Not subject to top heavy rules. Some funding responsibility with employees. Deferral reduces taxable income to employee.	Deferred amount reduces employee's taxable income. Special elections may further increase the amounts an employee can defer. Earnings are tax-deferred. Contribution limits are greater than IRAs. Loans may be allowed.	<ul style="list-style-type: none"> • Tax-free growth • No income limits to qualify for a Roth account, unlike a Roth IRA • Higher contribution and catch-up limits than a Roth IRA

403(b) ERISA Title I Plans with Employer Contributions	Roth 403(b) ERISA Title I Plans with Employer Contribution	457(b) Eligible Plan Plans with Only Salary Deferral Contributions	457(f) Ineligible Plan Plans with Employer Contribution
Three vesting schedules: immediate, cliff, graded	Three vesting schedules: immediate, cliff, graded	Any vesting schedule	Any vesting schedule
10% tax penalty unless over age 55 and separated from service (except if self-employed or more than 10% owner) or death or disability. Distributions are only allowed upon the occurrence of a triggering event. (See "Eligible Rollovers".)	10% tax penalty unless over age 55 and separated from service (except if self-employed or more than 10% owner) or death or disability. Distributions are only allowed upon the occurrence of a triggering event. (See "Eligible Rollovers".)	Severance from employment, unforeseeable emergencies, small inactive accounts. Also, plan termination and QDROs (if stated in the plan language). No tax penalty applies to any distribution.	Distributions must be made on any monies that become vested. No tax penalty applies to any distribution.
No tax penalty	No tax penalty for "qualified distributions." A distribution is qualified if the Roth 403(b) account has been established for at least five years and one of the following events occurs: attainment of age 59½, disability, death or a first-time home purchase. In any of these cases, the earnings withdrawn are tax-free.	Severance from employment, unforeseeable emergencies, small inactive accounts. Also, plan termination and QDROs (if stated in the plan language). No tax penalty applies to any distribution.	Distributions must be made on any monies that become vested. No tax penalty applies to any distribution.
Required minimum distributions by April 1 of the calendar year in which the participant becomes age 70½ or the calendar year in which he or she retires	Required minimum distributions unless prior to age 70½, a participant rolls to a Roth IRA any portion of the Roth 403(b) account that is an eligible rollover distribution	Required minimum distributions by April 1 of the calendar year in which the participant becomes age 70½ or the calendar year in which he or she retires	No required minimum distributions
Taxed as ordinary income	Principal and earnings withdrawn are tax-free.	Taxed as ordinary income	Taxed as ordinary income
Must have triggering event (e.g., death, separation from service, disability or age 59½)	Must have triggering event (e.g., death, separation from service, disability or age 59½)	Must have triggering event (e.g., death, separation from service, disability or age 59½) Not tax-exempt	Not allowed
<ul style="list-style-type: none"> • Qualified Plan • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA 	<ul style="list-style-type: none"> • Roth IRA • Roth 403(b)* • Roth 401(k)* <p>* Subject to exceptions</p>	<p>Applies to Governmental 457s only:</p> <ul style="list-style-type: none"> • Qualified Plan* • 403(b) Plan • 457 Governmental Plan • SEP/IRA • IRA (except to a SIMPLE IRA) <p>*except to a SIMPLE 401(k)</p>	No limit on contributions
Deferred amount reduces employee's taxable income. Special elections may further increase the amounts an employee can defer. Earnings are tax-deferred. Contribution limits are greater than IRAs. Loans may be allowed.	<ul style="list-style-type: none"> • Tax-free growth • No income limits to qualify for a Roth account, unlike a Roth IRA • Higher contribution and catch-up limits than a Roth IRA 	If an employer offers a 403(b) or 401(k) plan in addition to the 457(b) plan, an employee can defer the maximum to both plans. Employers may allow contributions for only certain key employees.	Employers may allow contributions for only certain key employees.